



Intuit Investor Overview

Forward-Looking Statements

These presentation materials include forward-looking statements. There are a number of factors that could cause our results to differ materially from our expectations. Please see the section entitled “Cautions About Forward-Looking Statements” in the enclosed Appendix for information regarding forward-looking statements and related risks and uncertainties. You can also learn more about these risks in our Form 10-K for fiscal 2018 and our other SEC filings, which are available on the Investor Relations page of Intuit's website at **www.intuit.com**. We assume no obligation to update any forward-looking statement.

Non-GAAP Financial Measures

These presentations include certain non-GAAP financial measures. Please see the section entitled “About Non-GAAP Financial Measures” in the enclosed Appendix for an explanation of management’s use of these measures and a reconciliation to the most directly comparable GAAP financial measures.

In this presentation, we may also announce plans or intentions regarding functionality that is not yet delivered. These statements do not represent an obligation to deliver this functionality to customers.

Some numbers may not agree with the sum of the components, nor with SEC filing(s), due to immaterial rounding adjustments. Financial results are reported under ASC 606 unless otherwise noted. For a comparison of our financial results under ASC 606 compared to ASC 605, see our press release dated August 23, 2018.



POWERING PROSPERITY AROUND THE WORLD

MISSION	POWERING PROSPERITY AROUND THE WORLD					
VALUES	Integrity Without Compromise			We Care & Give Back		
	Be Bold	Be Passionate	Be Decisive	Learn Fast	Win Together	Deliver Awesome
TRUE NORTH GOALS	Employees		Customers	Partners		Shareholders
	The place where the world’s top talent does the best work of their lives		Delight customers more than rivals in what matter most – customer benefit	Delight partners who add value to our customers		Drive long-term growth, increasing shareholder value
STRATEGY	One Intuit Ecosystem					
	Personalized Experiences		Trusted Open Platform		Indispensable Connections	
PRIORITIES	Accelerate Velocity in Doing What’s Right for Customers			Deliver Significant Improvement in Customer Benefit		
	Awesome E2E customer experiences	Speed as a habit	Technology to accelerate growth	Fuel small business success globally	Provide peace-of-mind and prosperity for the self-employed globally	Deliver financial freedom for all consumers
METRICS	<ul style="list-style-type: none">• Increase the number of experiences that connect multiple products or parties• Increase the strength of those connections• Deliver benefit and delight for all participants	<ul style="list-style-type: none">• Improve team speed• Reduce story cycle time	<ul style="list-style-type: none">• Deliver strategic capabilities on plan• Accelerate re-platforming efforts• Accelerate adoption of AI/ML systems• Quickly address security defects• Advance priority security programs• Data governed, normalized, and mastered	<ul style="list-style-type: none">• Deliver customer benefit and NPS• Grow share vs. rivals• Grow QBO base	<ul style="list-style-type: none">• Deliver customer benefit and NPS• Grow share vs. rivals• Grow QBSE base	<ul style="list-style-type: none">• Deliver the customer benefit and NPS• Grow DIY & TT share of total tax market• Grow overall share of tax prep spend• Accelerate Beyond User-Paid revenue growth

Most recent reinvention - One Intuit Ecosystem



Digital Natives



Freelance



AI/Machine Learning



Voice/Chatbots



Blockchain



Mega-platforms



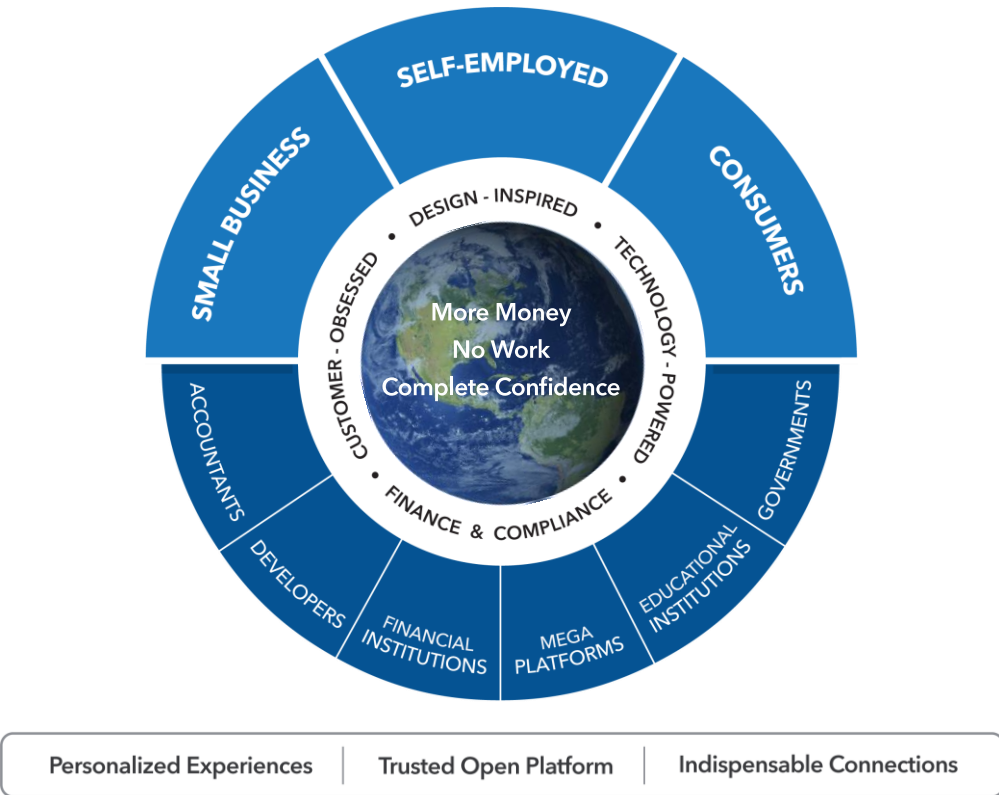
Disruptive Business Models



Digitization of Government

CATALYSTS FOR GROWTH IF WE EXECUTE WELL

POWERING PROSPERITY AROUND THE WORLD ONE **intuit** ECOSYSTEM



One year into execution ... creating indispensable connections

WIN



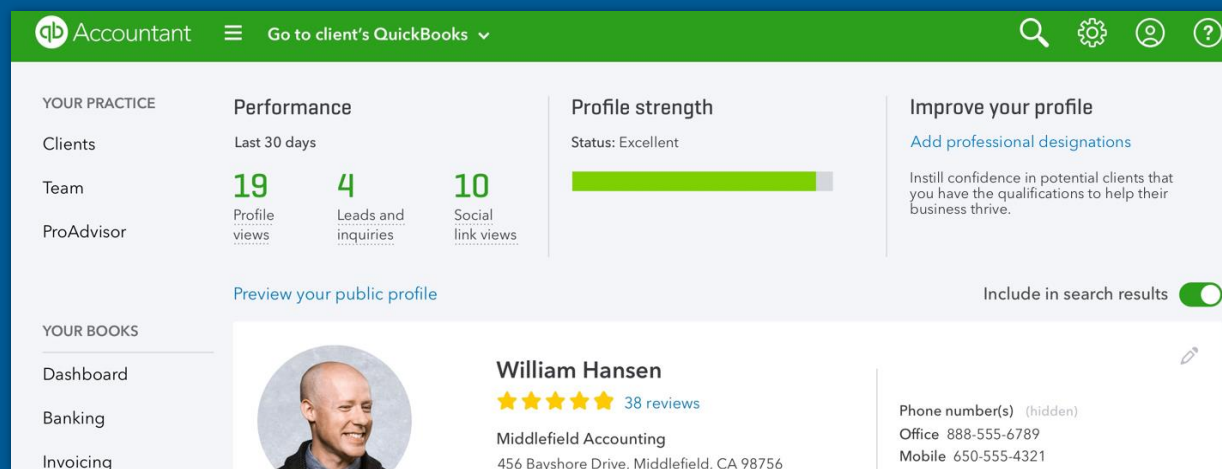
SMALL BUSINESSES

50% of small businesses fail in the first 5 years. 89% of small businesses report they are more successful if they work with an accountant.

WIN

MATCHMAKING PLATFORM

- 58% of our SMB's have accts (+5 pts)
- 3x # of acct leads YoY
- QBO retention +31 pts w/acct



WIN



ACCOUNTANTS

Marketing and acquiring clients are among accountants' biggest pain points... only acquire 4 new clients per year.

One year into execution ... creating indispensable connections

WIN



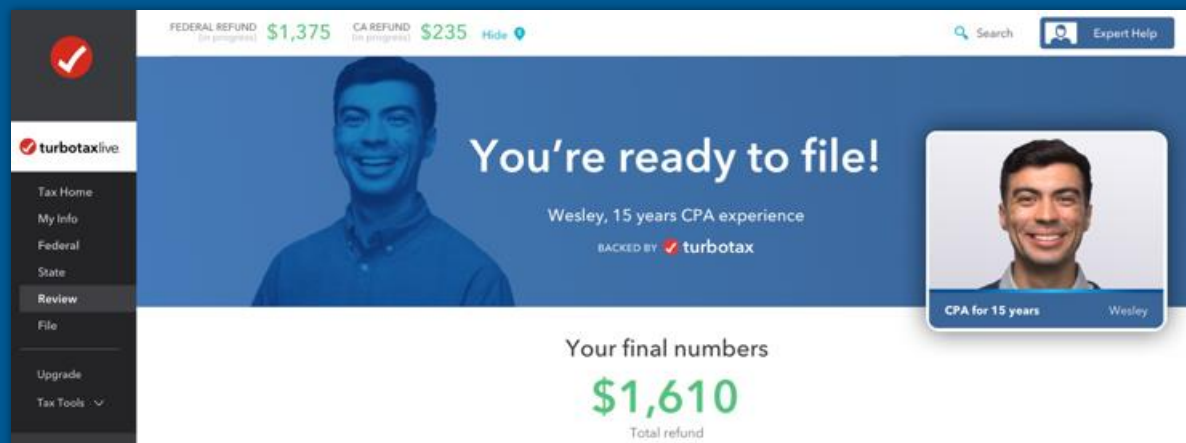
CONSUMERS

60% of people seek an assisted tax solution

WIN

TURBOTAX LIVE

- +19 pt increase in tax filer confidence, PRS of 63
- Generated additional income for ~2,000 Pros
- Improved retention, converted assisted, 1st time filer mix



WIN



ACCOUNTANTS

Seek new ways to grow their income

One year into execution ... creating indispensable connections

WIN



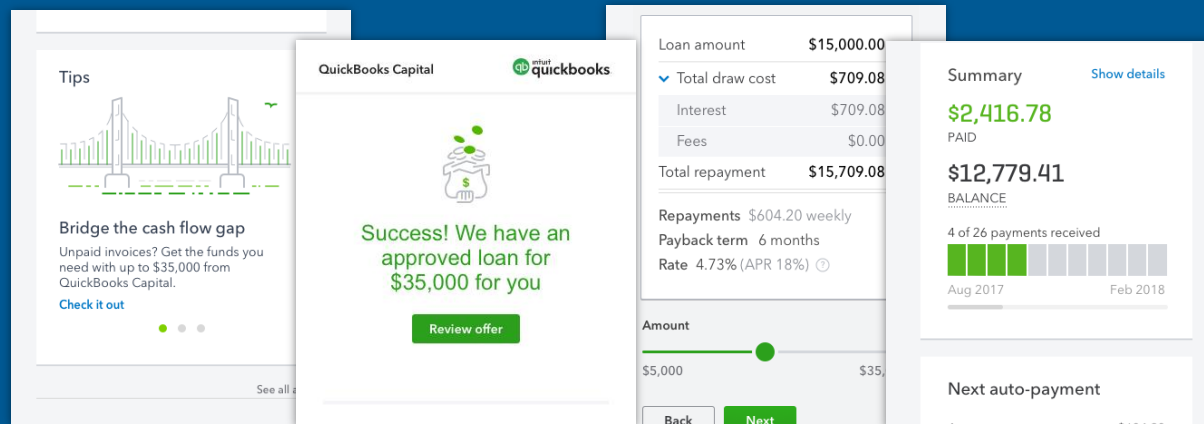
SMALL BUSINESSES

Young businesses need funding to grow, only one in four get the funding they need.

WIN

QUICKBOOKS CAPITAL

- 60% of customers approved for loans "un-lendable" by FIs
- Loss rates < half industry average
- PRS of 83, 39% apply for second loan



WIN



LENDERS

Lenders don't have enough data to underwrite early stage companies.

One year into execution ... creating indispensable connections

WIN



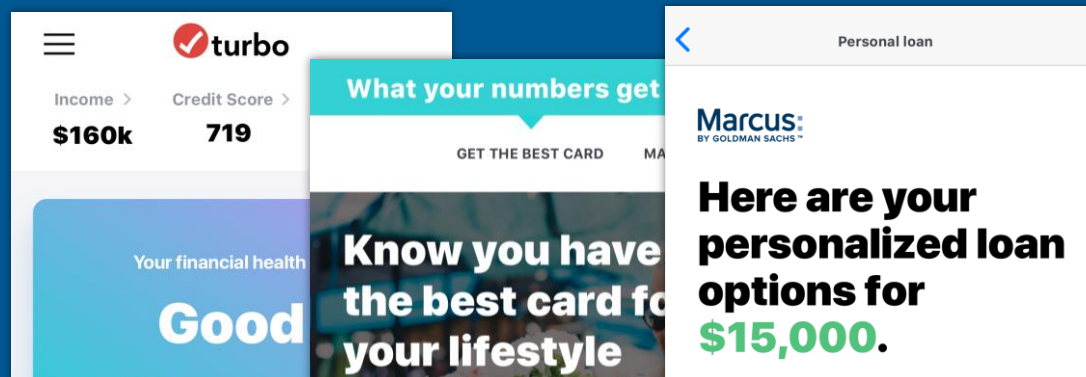
CONSUMERS

62% of Americans can't come up with \$1,000 in an emergency

WIN

TURBO & BEYOND USER PAID

- 25M registered users consented to use their data for lower rates and better loans
- 9x lift in conversion for partners utilizing pre-qualification
- Beyond User Paid potential ... 5x vs. TTO



WIN



PARTNERS

Seek qualified customers for their products

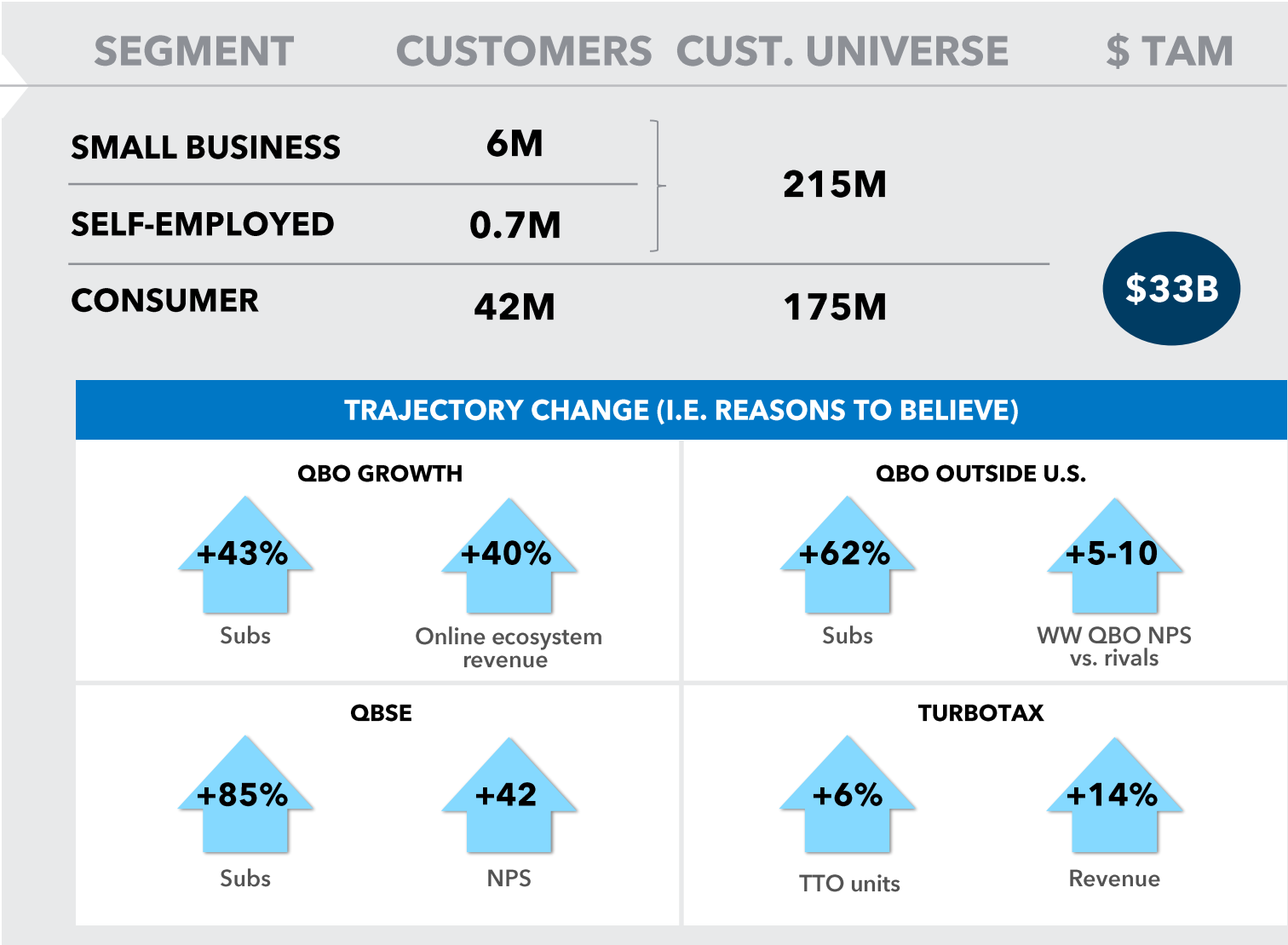
Our strategy puts us in pursuit of a massive TAM

THREE BIG OPPORTUNITIES

1 GROW THE CORE

Our opportunity with QBO + attach, QBSE, and DIY tax in U.S., Canada, U.K., Australia, France, Brazil, India (core markets)

• Note: tax is U.S. and Canada only



Reflects year-on-year revenue comparison under ASC 605

Our strategy puts us in pursuit of a massive TAM

THREE BIG OPPORTUNITIES

1 GROW THE CORE

Our opportunity with QBO + attach, QBSE, and DIY tax in U.S., Canada, U.K., Australia, France, Brazil, India (core markets)

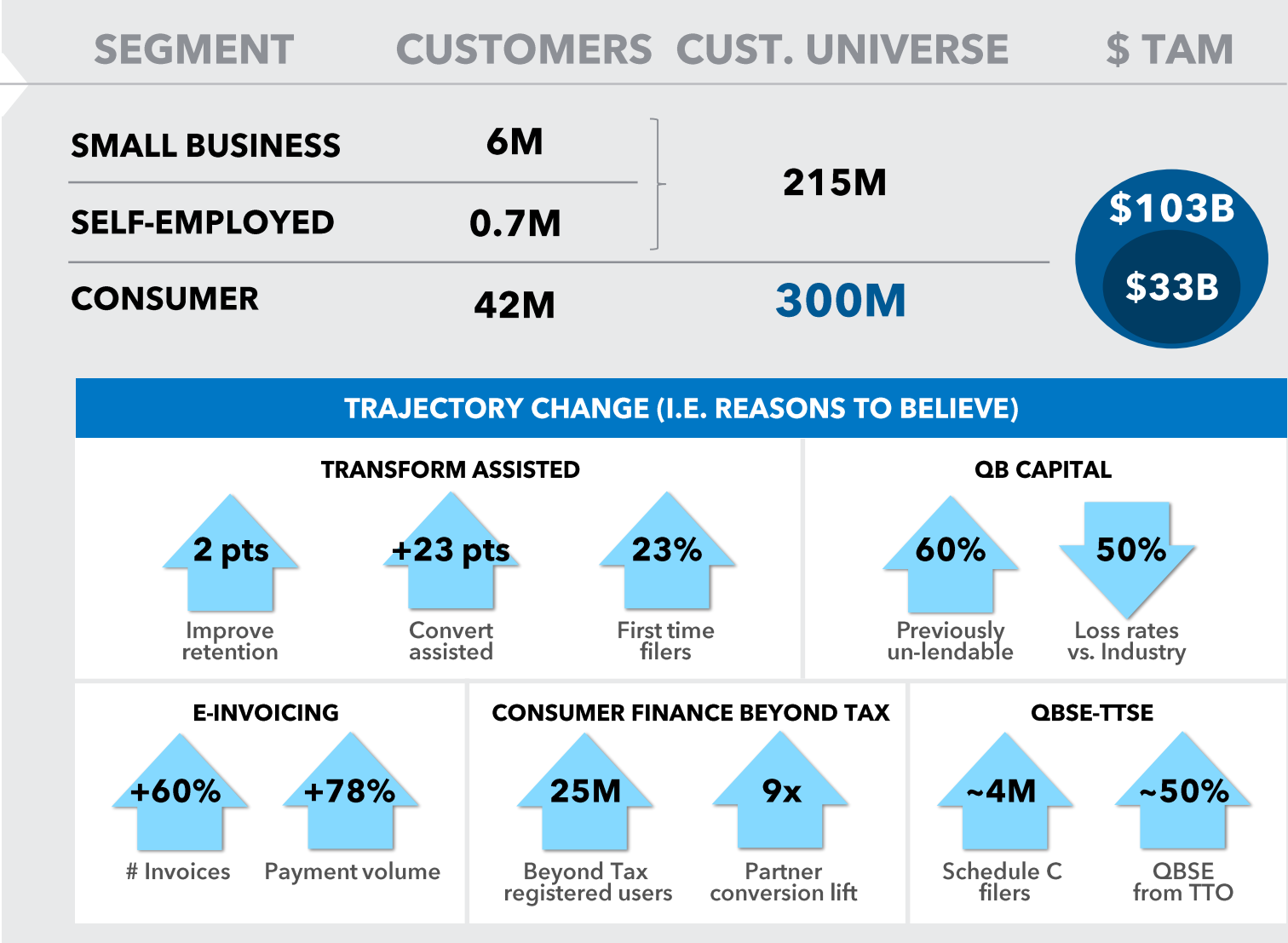
• *Note: tax is U.S. and Canada only*

2 CONNECT THE ECOSYSTEM

Our opportunity to connect customers, partners, and products in our core markets

5 example offerings

- Transform assisted tax
- QuickBooks Capital
- E-invoicing
- Consumer finance beyond tax
- QB Self-Employed / TT Self-Employed



Our strategy puts us in pursuit of a massive TAM

THREE BIG OPPORTUNITIES

1 GROW THE CORE

Our opportunity with QBO + attach, QBSE, and DIY tax in U.S., Canada, U.K., Australia, France, Brazil, India (core markets)

• *Note: tax is U.S. and Canada only*

2 CONNECT THE ECOSYSTEM

Our opportunity to connect customers, partners, and products in our core markets

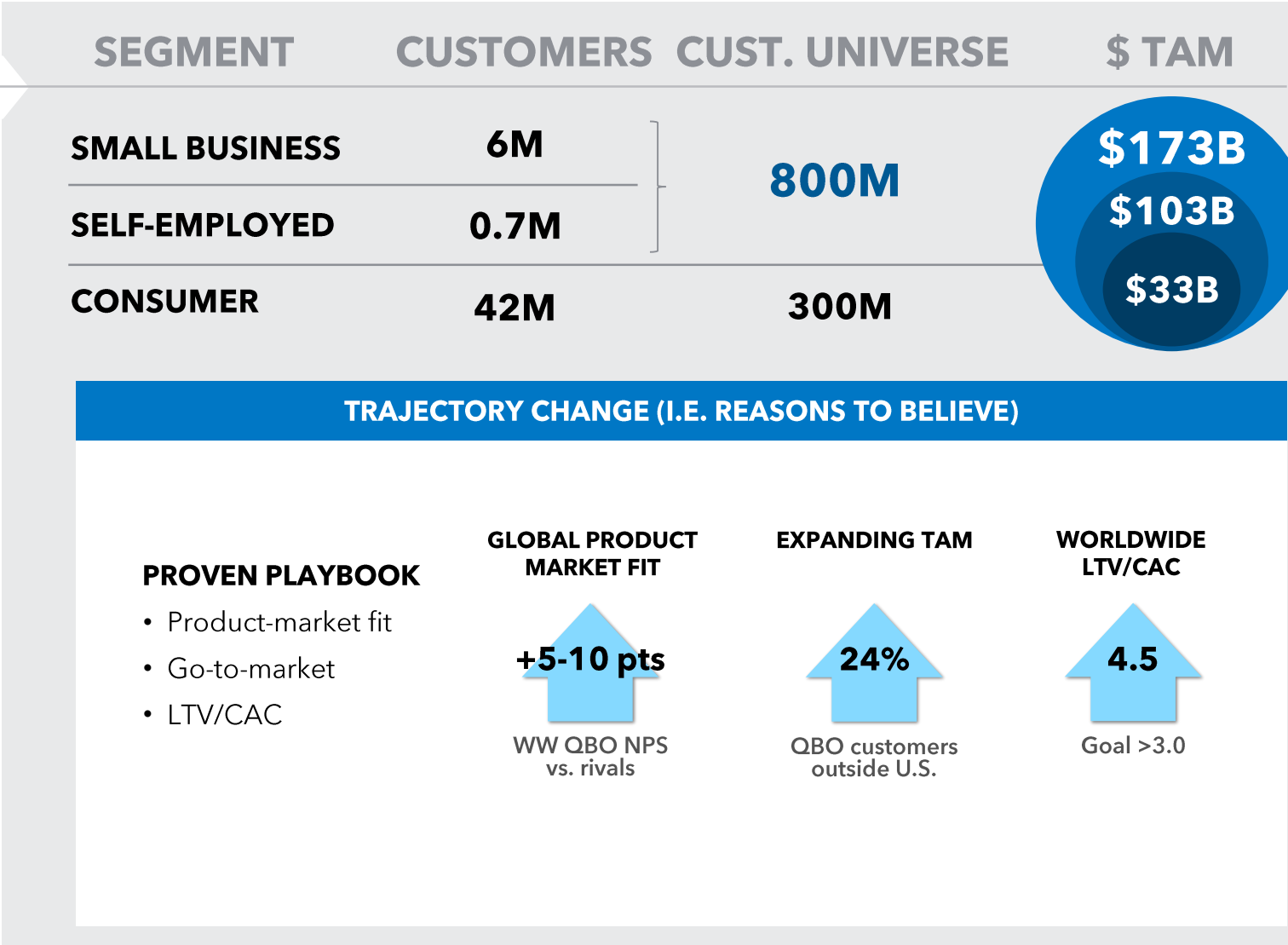
5 example offerings

- Transform assisted tax
- QuickBooks Capital
- e-invoicing
- Consumer finance beyond tax
- TT Self-Employed / QB Self-Employed

3 EXPAND GLOBALLY

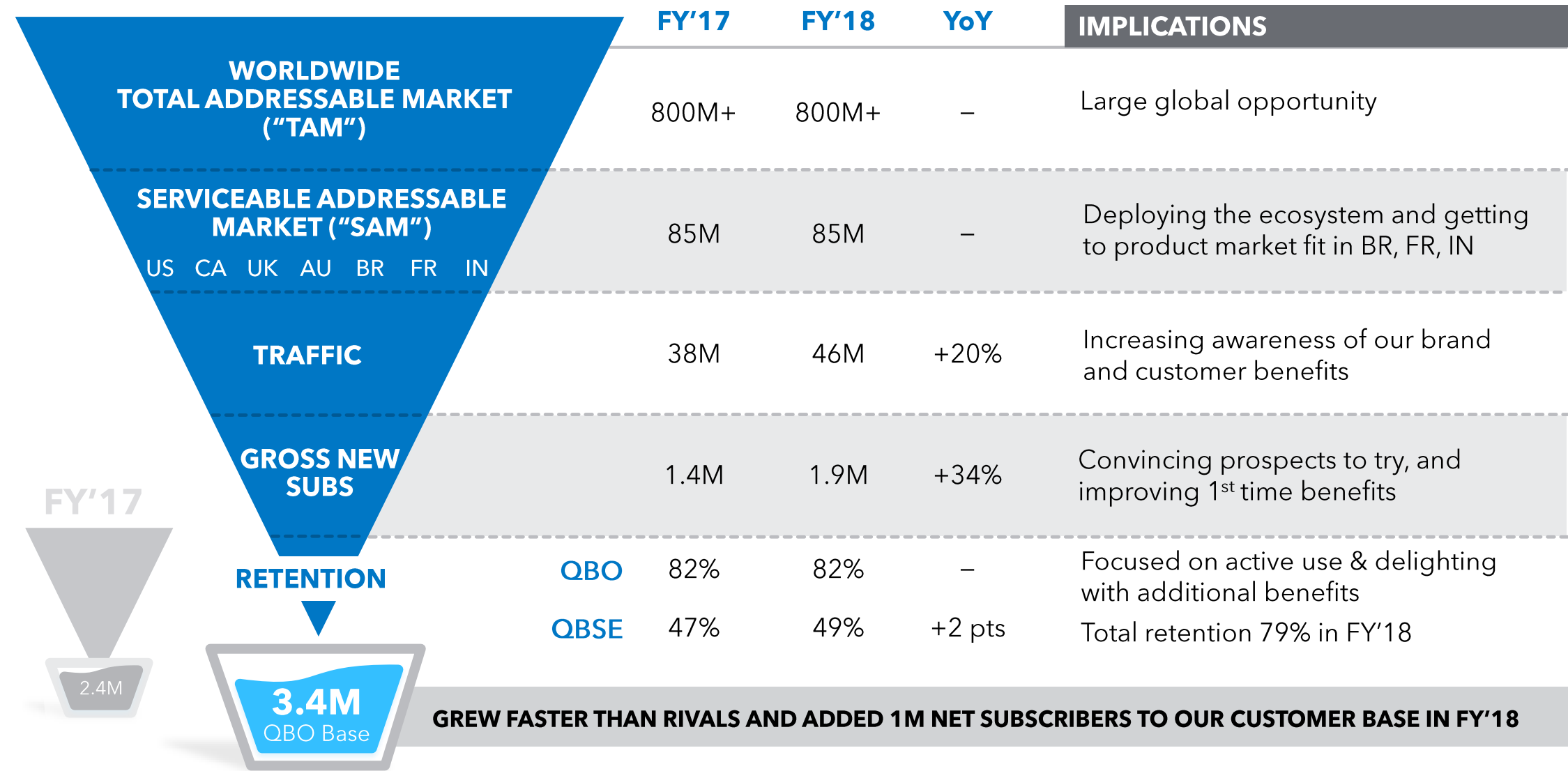
Our opportunity to expand to global customers outside our core markets

- QBO + attach
- QBSE



**Fuel small business and
self-employed success
globally**

Large market and opportunity to increase penetration



Small Business TAM: focus on new customers, commercial innovation

SMALL BUSINESS & SELF-EMPLOYED

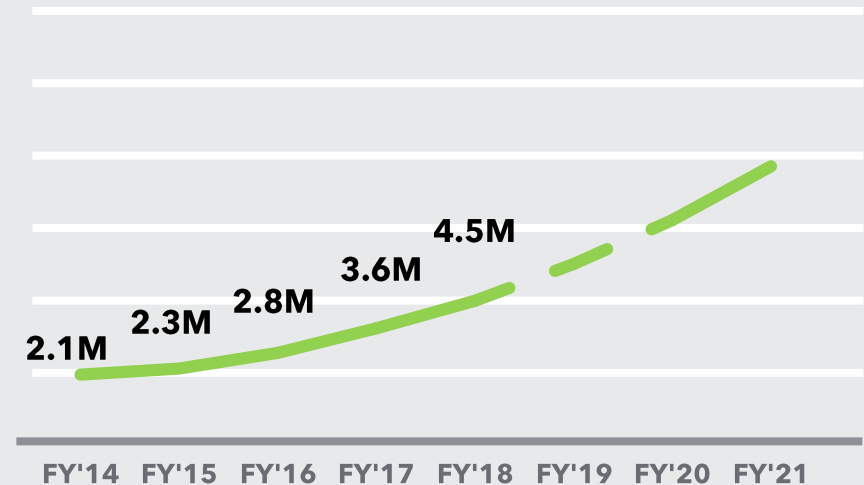
COUNTRY	TAM	SAM	FY'18 QBO SUBS	QBO SUBS GROWTH
U.S.	65M	48M	2.6M	38%
U.K.	5M	5M	305k	84%
Canada	3M	3M	212k	41%
Australia	3M	3M	161k	55%
Brazil	34M	17M	40k	83%
France	4M	3M	9k	372%
India	100M+	7M	34k	60%
Rest of World	600M	NA	54k	43%
Total	800M+	85M	3.4M	43%

Drivers of growth:

- Product market fit, awesome first use experiences increased penetration of total addressable market
- Payments, payroll, time tracking, and 3rd party apps drive improved ecosystem experiences
- Proved out the global model in FY18

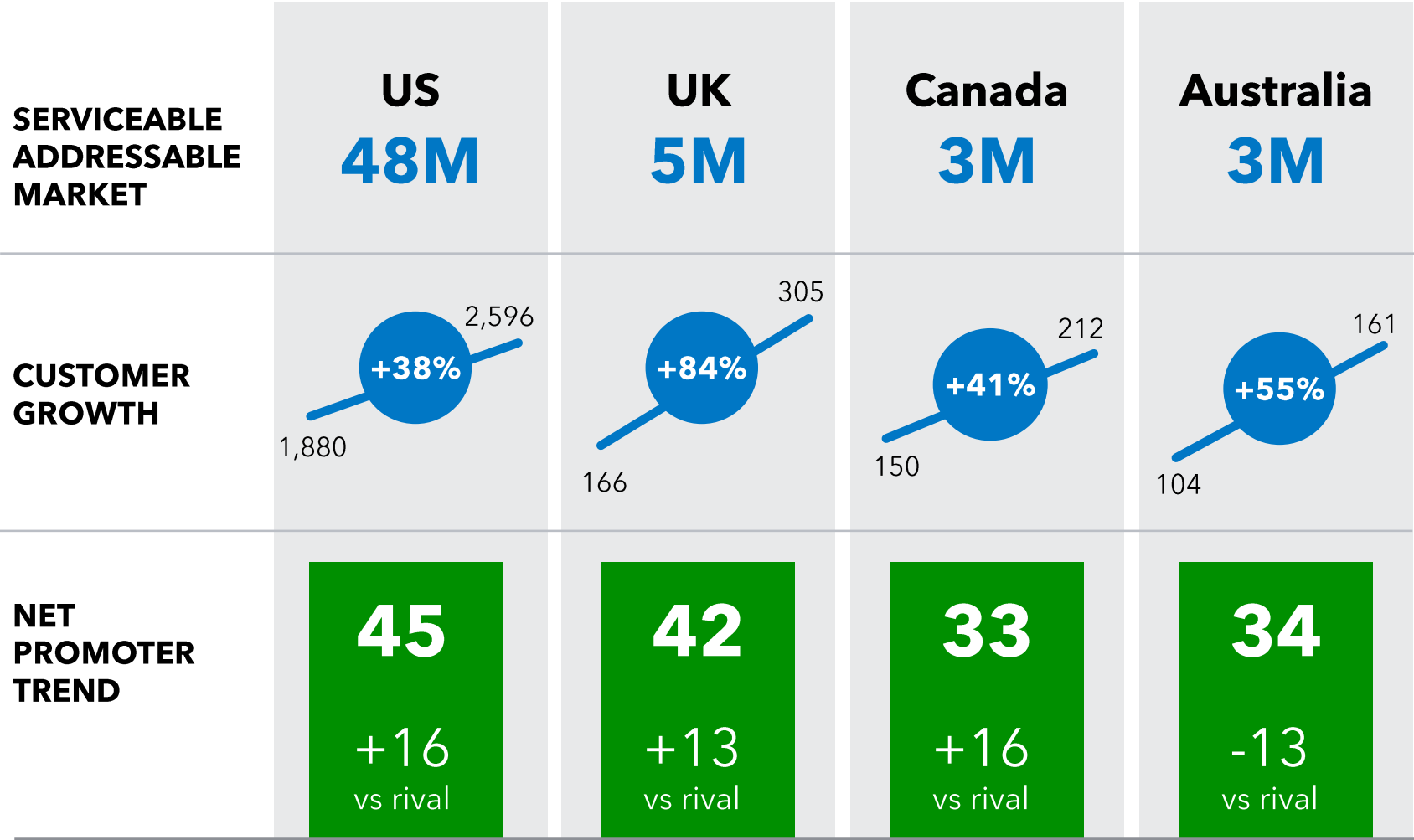
TOTAL PAYING CUSTOMERS

QBO, Desktop Subs, Desktop Units by FY



Total Net adds (M) 0.2 0.5 0.8 0.9

Established markets: accelerating growth, with large opportunity



DRIVERS OF GROWTH

Increased penetration of total addressable market

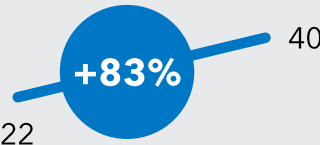


- Product-market fit and awesome first use experiences
- Recognition of our brand benefit

Improved ecosystem experiences

- Matching Accountants with self-employed and small businesses
- Payments, payroll, time tracking, and 3rd party apps experiences

The NPS trend outside of the U.S. is directional due to small sample size

Emerging markets: working on nailing product market fit

SERVICEABLE ADDRESSABLE MARKET	Brazil 17M	France 3M	India 7M
TARGET SEGMENT	SE and SMBs with up to 20 employees	Tech-ready service-based SMBs served by progressive accountants	Young, tech-savvy service based SMBs with less than 5 years in business
WHY WE CHOSE TO ENTER	Grow via acquisition	Compliance-heavy needs	Business model
CUSTOMER GROWTH			
PRODUCT RECOMMENDATION SCORE	33	13	14

MAKING GOOD PROGRESS IN BRAZIL AND FRANCE

Compliant, delightful product

- Active use up +6 pts in Brazil, +3 pts in France, and +7 pts YoY in India
- Product recommendations among Unit of 1 (e.g., France +10 pts since March)

Customer momentum drivers

- Accountant adoption rising rapidly in France, drove 4x customer growth in FY'18
- Category adoption in India may accelerate as Goods & Services Tax compliance changes take effect

SMART Money accelerates monetization

OPPORTUNITY

\$100B opportunity in Payments, Payroll, Time Tracking and Capital

240M+ invoices created by QBO customers each year, only 14% are payment enabled e-invoices

70% of new businesses say they need funding; 23% of them get the funding they need

35% of U.S. employers still do manual payroll

PROOF POINTS

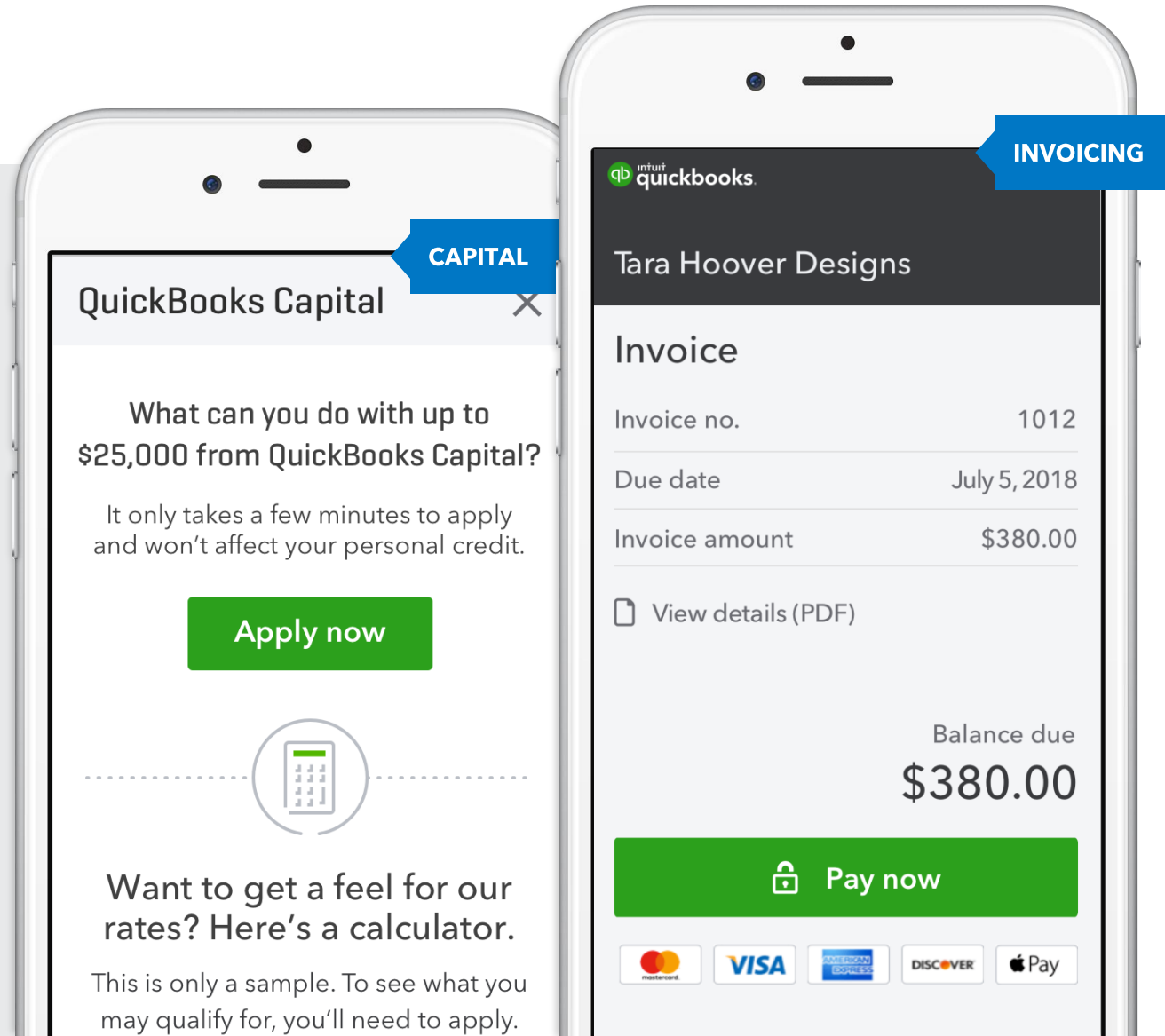
40% growth in QuickBooks Online Payments revenue

\$37B total charge volume, putting Intuit among the top merchant processors in the U.S.

\$140M in loan volume in <1 year since launch; 60% of customers likely ineligible in traditional lending channels

10M+ workers paid by QuickBooks Payroll each year

2.5x YoY growth in TSheets new recurring revenue via QuickBooks attach



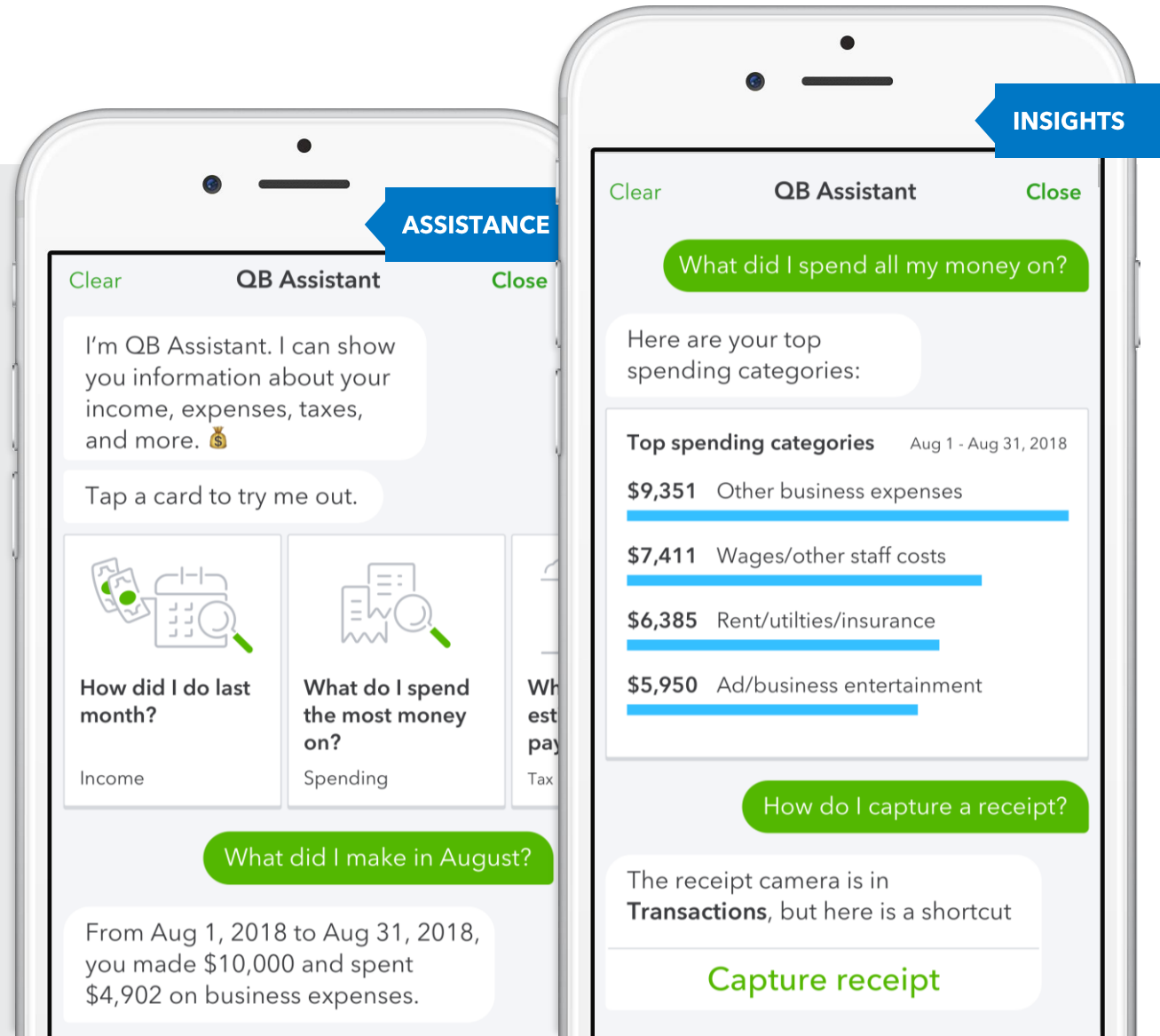
SMART Decisions accelerate conversion

OPPORTUNITY

46M prospects visited us, 4.1% became subscribers
30% of QuickBooks users seek assistance each month; cash flow insights a key driver
11 hours a month wasted by small businesses on tasks that can be automated

PROOF POINTS

+45bps improvement in conversion to 4.1% by focusing on first use; drove 200K of the uplift in new subscribers
1M+ questions answered by QB Assistant since launch in Nov 2017, delivering business insights and confidence
3.6B transactions automatically entered and categorized into QuickBooks every month
Up to \$2000 saved by each small business per month by automating sales and use tax compliance



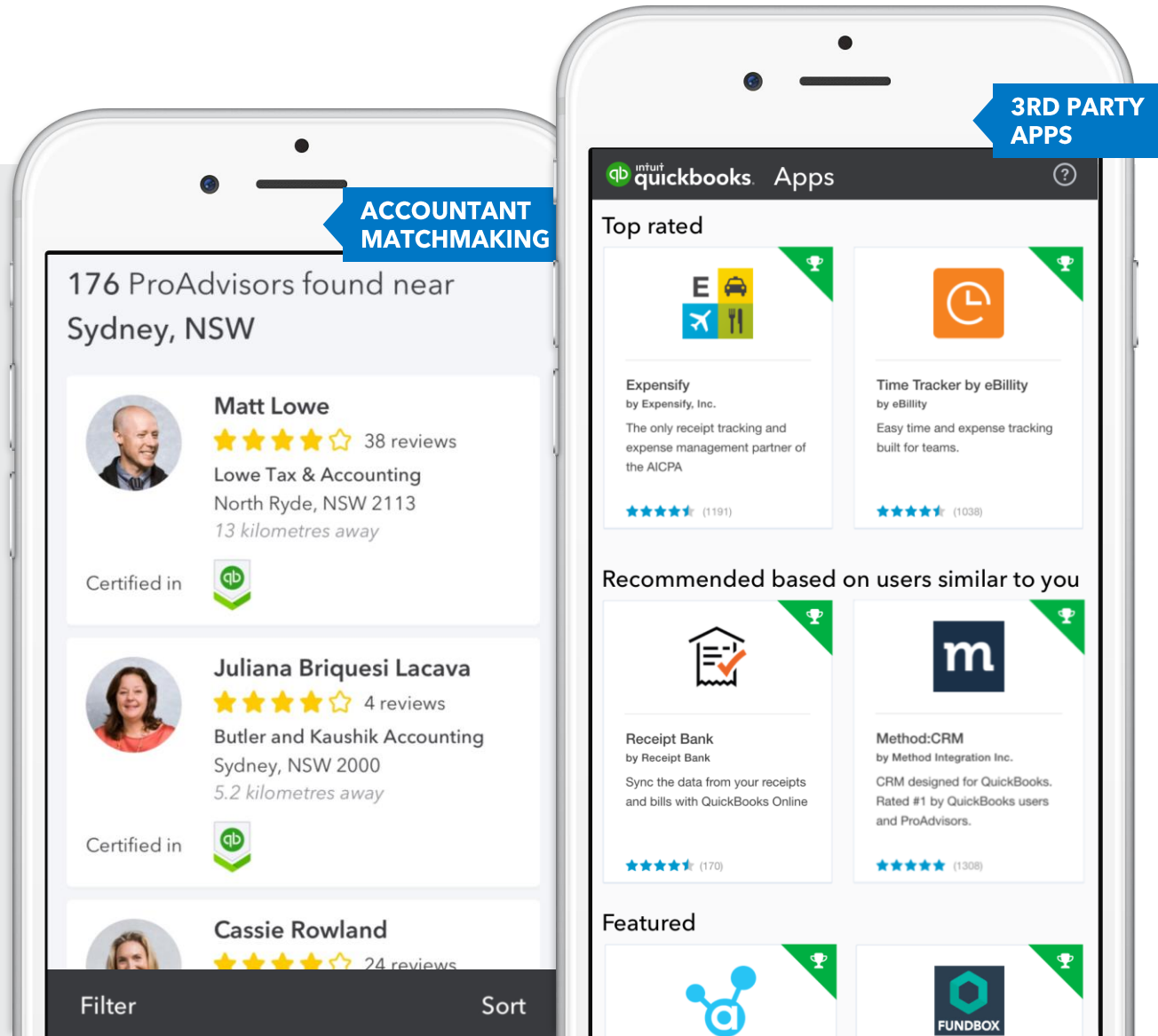
SMART Connections improve retention

OPPORTUNITY

- 89%** of SMBs feel more successful with an Accountant
- 58%** of QBO subscribers are connected to an Accountant
- 6M** 1099 vendors active in QBO
- 40%** of workers that SMBs hire are self-employed
- 68%** of SMBs use apps to run their business; 58% of say seamless integration matters when selecting an app

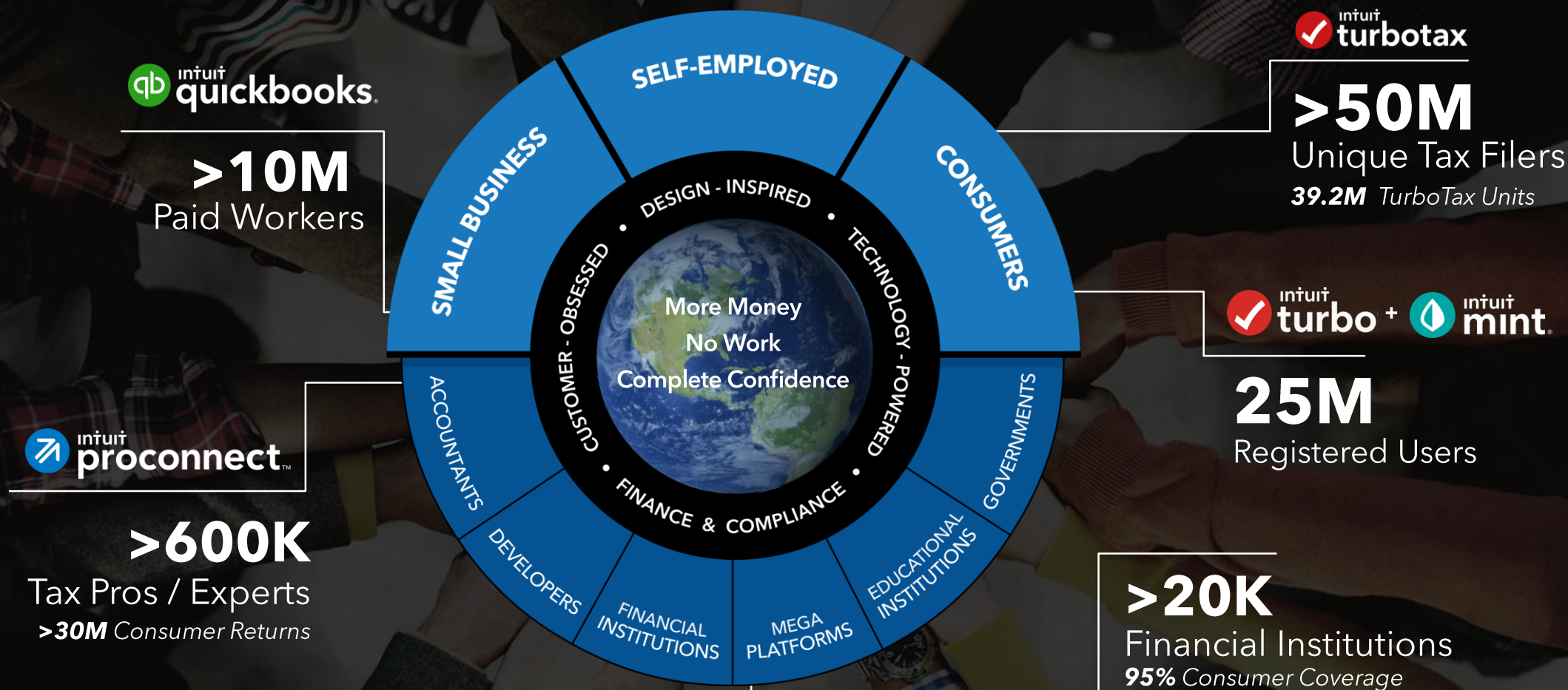
PROOF POINTS

- 3x** more accountant leads YoY on our platform
- \$500** incremental LTV when connected to an Accountant
- 1M** 1099s completed via automatic e-file (up 2x YoY)
- 34%** of QBO subscribers attach an app (Intuit or 3rd-party)
- +6 pts** higher retention when attaching a 3rd-party app



**Deliver financial
freedom for all
consumers**

Deliver significant improvement in customer benefit



Long-term growth roadmap



Extend our Lead in DIY Tax Prep

Grow DIY category through innovation

Goal: Improve overall conversion, retention, and value per customer



Transform the Assisted Tax Prep Category

Leverage tech to enable a new assisted experience

Goal: Win with assisted filers, including the growing segments of self-employed and Latino



Move Beyond Tax, Become a Platform

Create a consumer finance platform and destination

Goal: Help customers save, partners acquire leads, and evolve to new beyond-user-paid model



Be THE Financial Identity and Profile

Securely store and share financial data with consent

Goal: Make customer financial data portable, and provide services to engage trusted providers



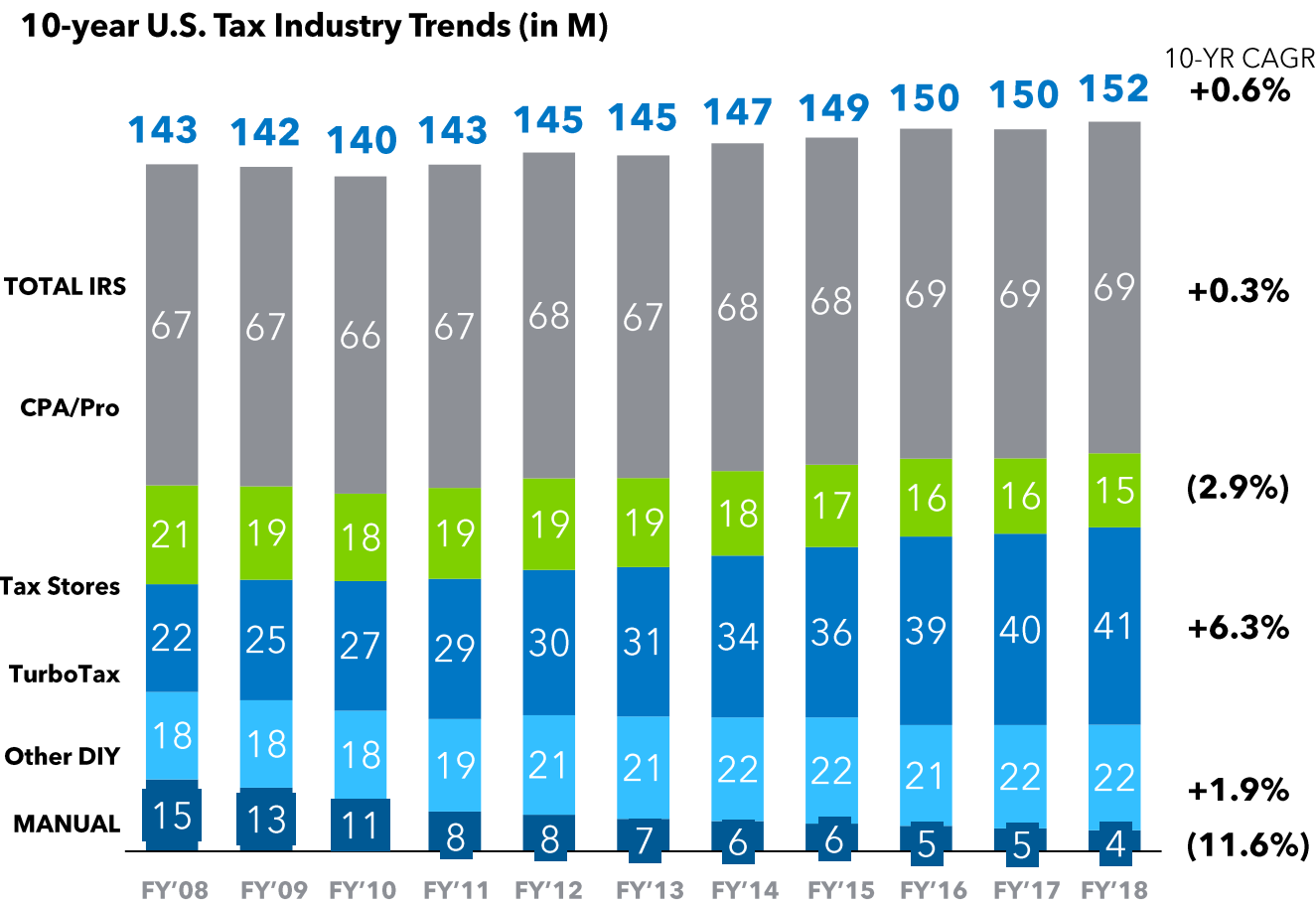
Expand our Reach Globally

Bring our platform and applications to other geos

Goal: Learn how to bring our new consumer platform and portfolio to additional geographies

U.S. Tax industry landscape

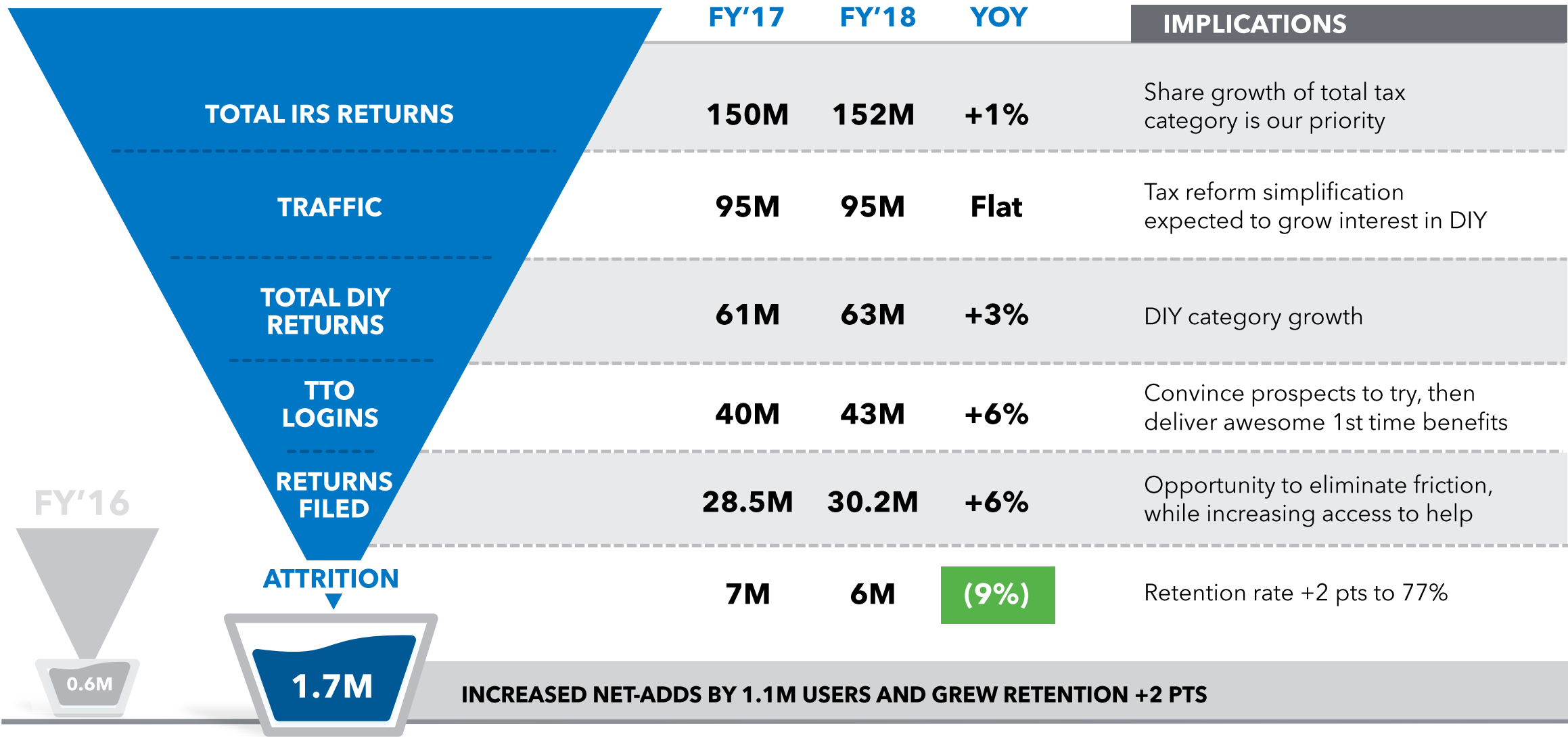
Shifting our focus to growing total share of market



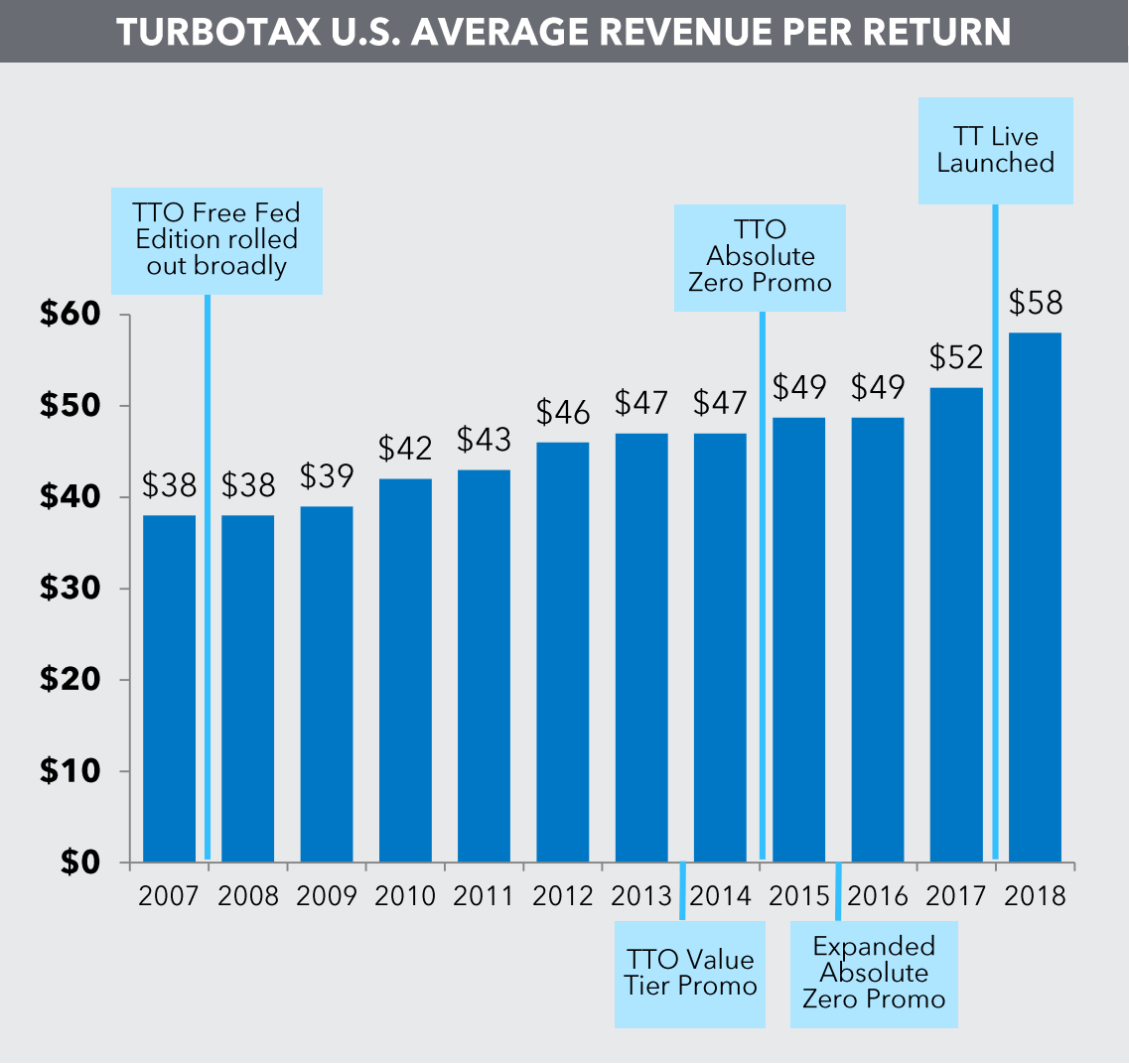
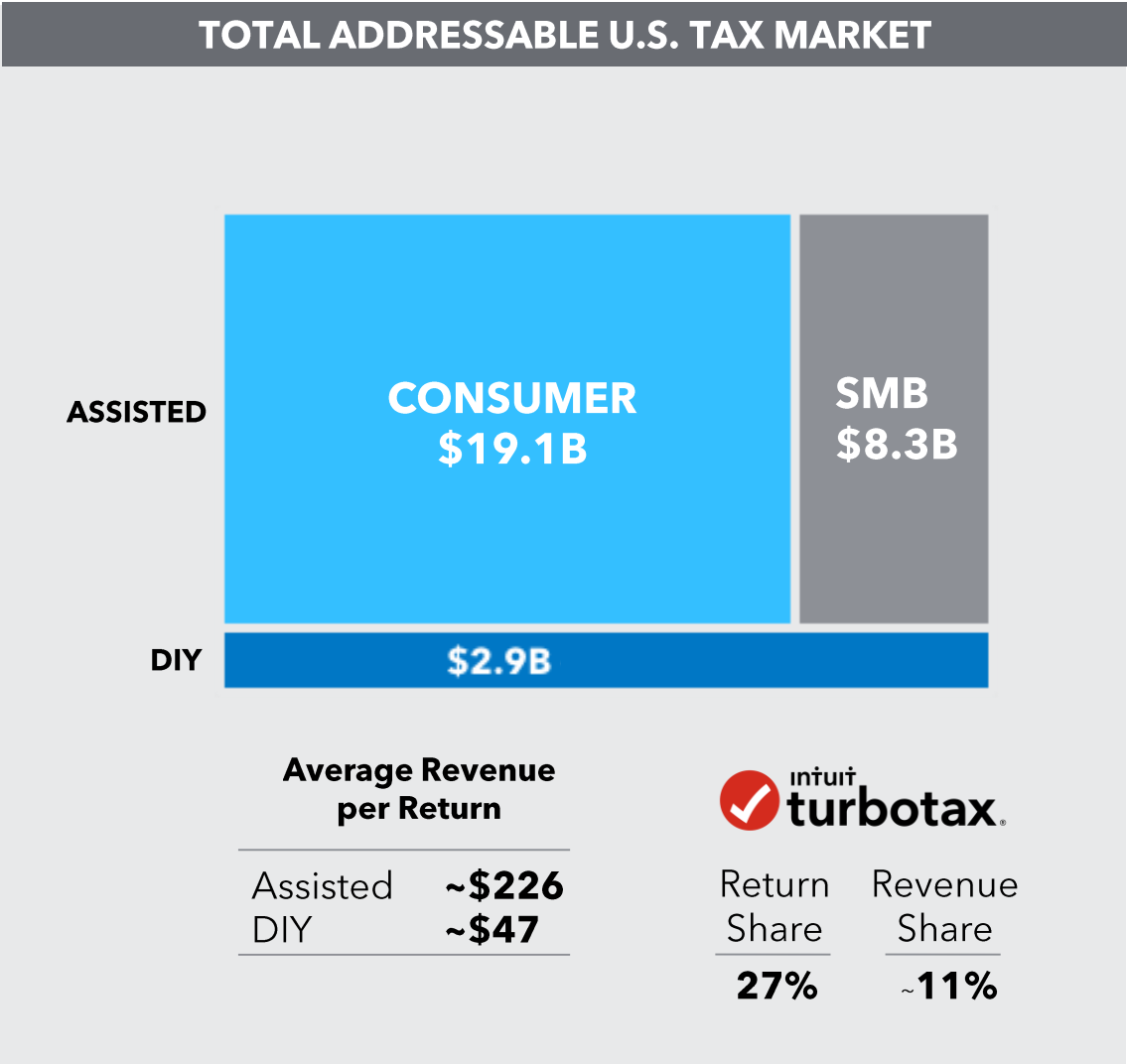
VIRTUALLY EVERY FILER WILL BE IMPACTED BY U.S. TAX REFORM

- Simplification:**
Accelerates DIY category growth
- Confusion:**
Drives consumers toward trusted brands
- Uncertainty:**
Increases demand for help and assistance

Opportunity: TurboTax Online U.S. acquisition funnel



Large untapped market opportunity



Extend our lead in DIY tax prep

Simple experience for “simple filers”



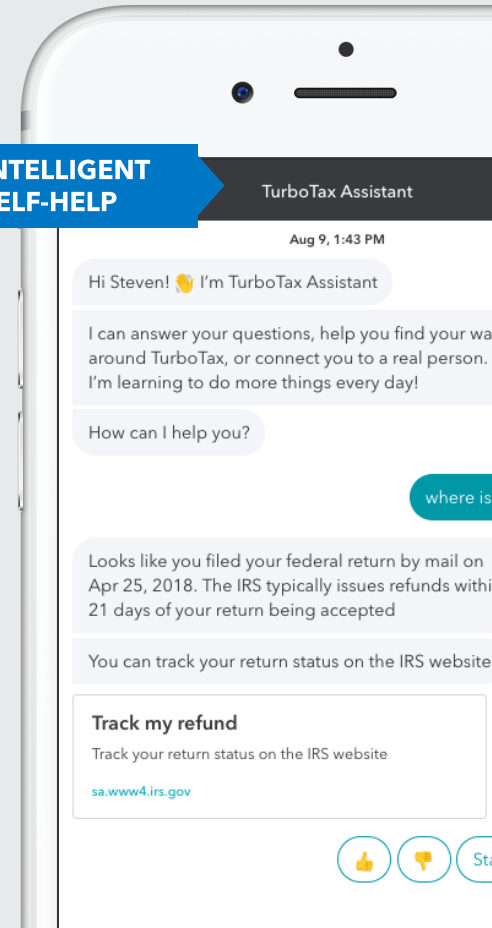
OPPORTUNITY

- 95M** consumers open to file their taxes with DIY
- 63M** actually filed with DIY software
- 43M** logged into TTO
- 30.2M** filed with TTO
- 12.8M** filers logged into TurboTax, but did not complete

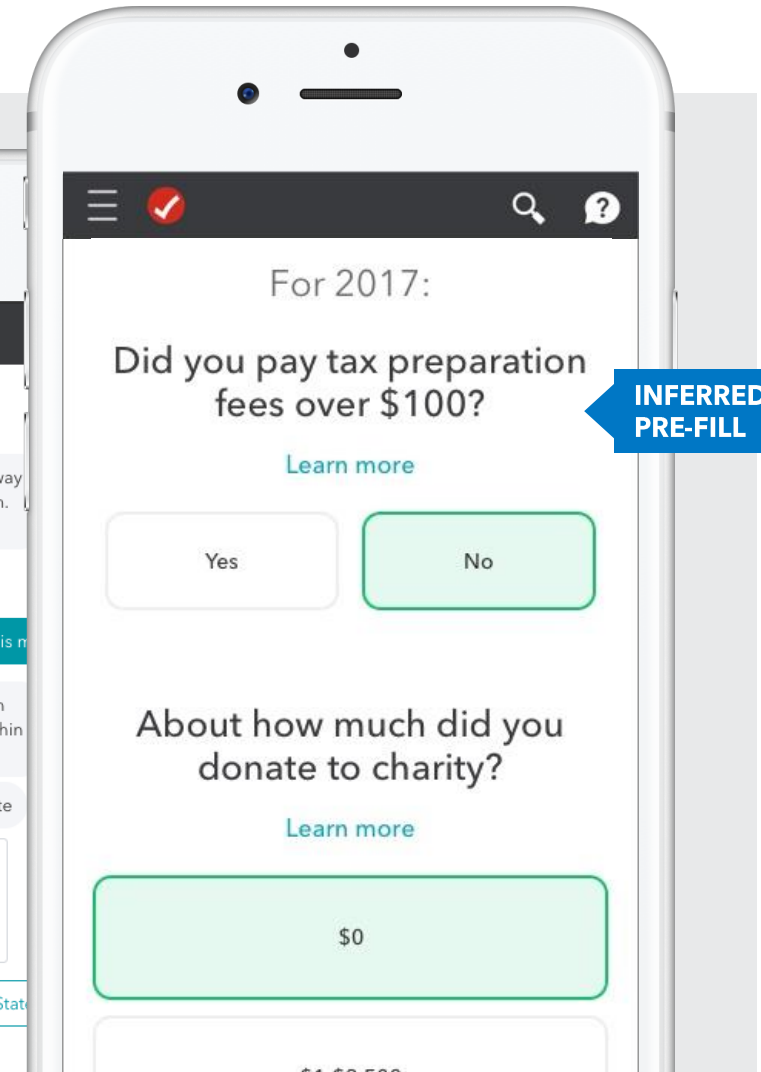
PROOF POINTS

- ~513** fields required for the simplest of filers to e-file
- 200+** fields are unnecessary and/or duplicative and able to be eliminated with AI/ML
- 433M** interactions with our self-help
- 30%** self-help answers were personalized by AI/ML

INTELLIGENT SELF-HELP



INFERRED PRE-FILL



Transform the assisted category

Easy access to experts for “expert seekers”

OPPORTUNITY

\$20B assisted tax preparation TAM

84M customers seek out filing assistance every year

10M estimated churn within the assisted category

3M filers defect annually from TurboTax for an assisted solution

PROOF POINTS

+19 pts increase in tax filer confidence, PRS of 63

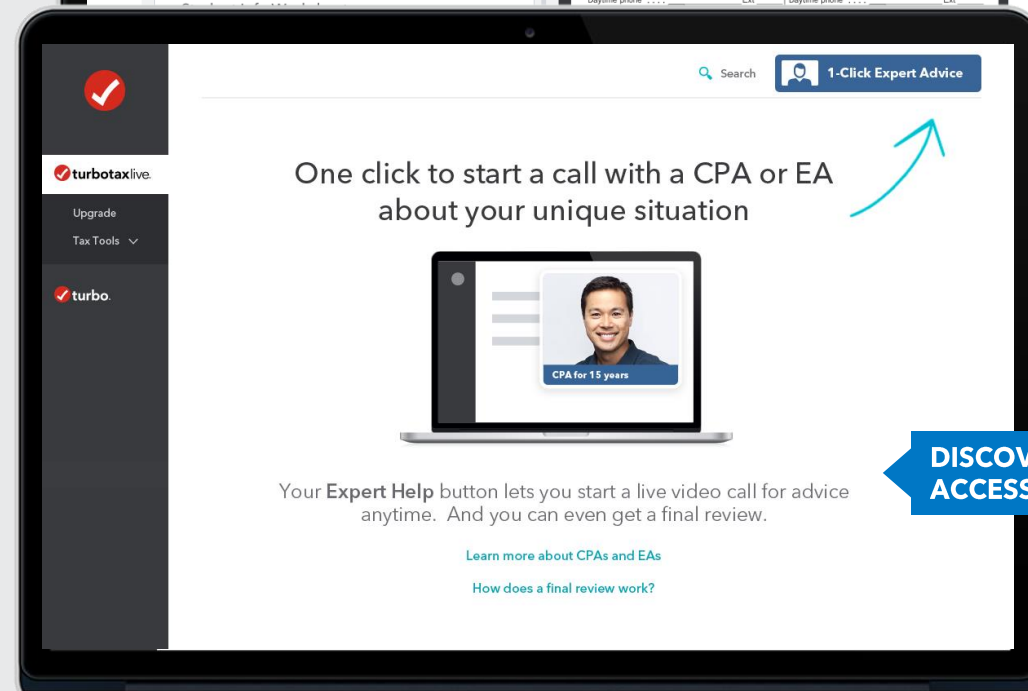
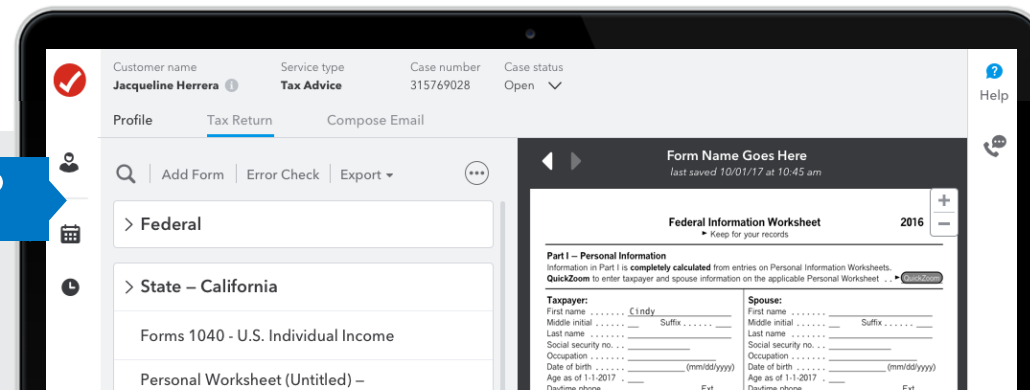
+23 pts conversion for new filers when engaging an expert

23% new filer mix within TT Live, +10 pts vs. TurboTax

95% pros we asked are returning to TurboTax Live next season

50% increase in Pro PRS from 1st peak to 2nd peak

**UNIFIED PRO
PORTAL**



1-Click Expert Advice

One click to start a call with a CPA or EA about your unique situation

CPA for 15 years

Your Expert Help button lets you start a live video call for advice anytime. And you can even get a final review.

[Learn more about CPAs and EAs](#)

[How does a final review work?](#)

**DISCOVERABLE
ACCESS POINTS**

Move beyond tax, become a platform

Personalized experiences in personal finance



OPPORTUNITY

50M tax relationships we can deepen through consumer finance

25M registered (Turbo + Mint) users

3M+ monthly active (Turbo + Mint) users

PROOF POINTS

20M users consented to sharing tax data in first 4 months

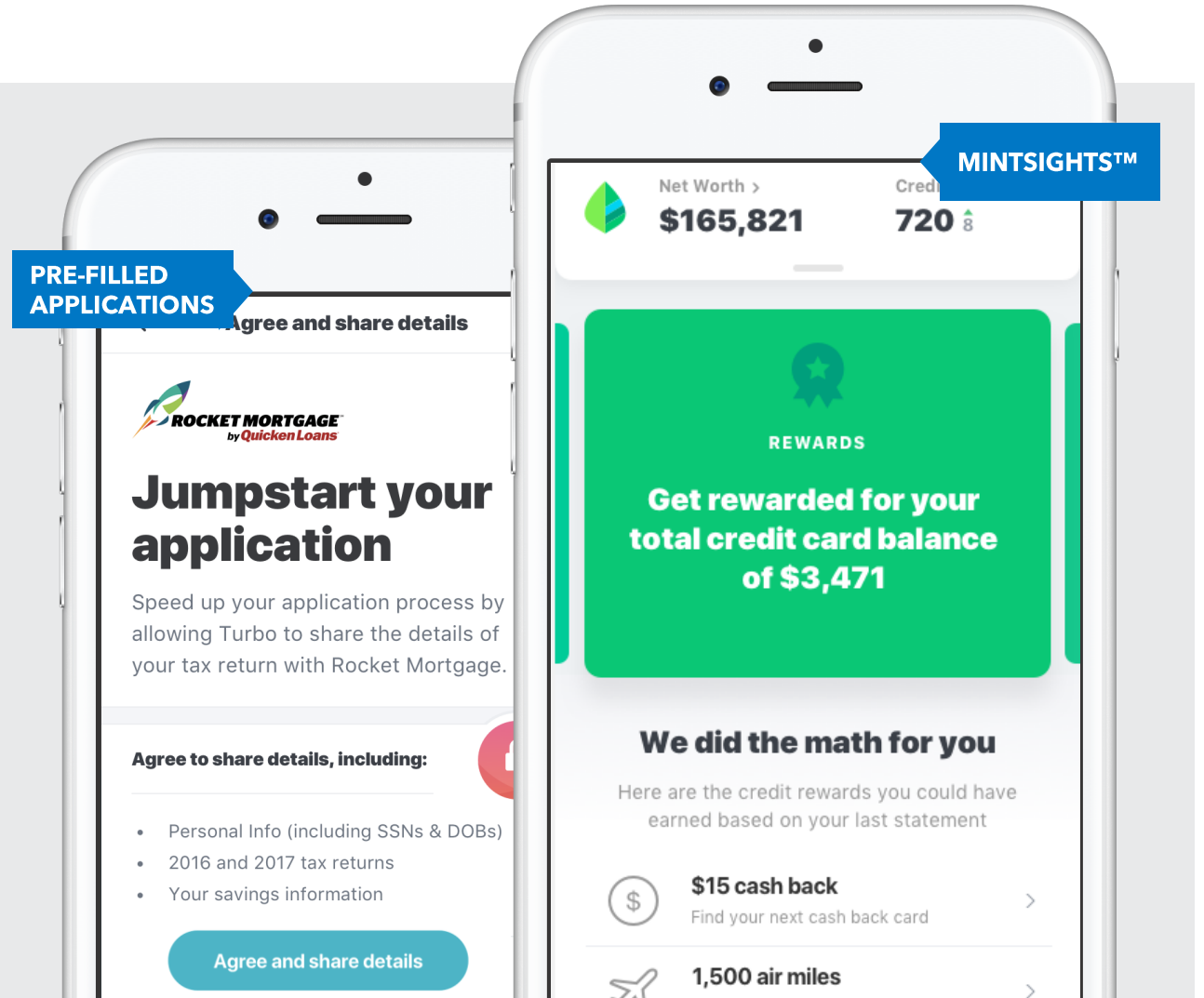
50%+ fields can be pre-filled for partner applications

95% consent to share data for pre-qualification of offers

9x conversion of pre-qualified offers vs. static offers

96.5% consent to share data for pre-filled applications

3x conversion of pre-filled offers vs. manual



**Delivering on our
financial principles**

Financial principles remain enduring

Grow organic revenue double digits

- Customer growth fueled by delivery of the customer benefit
- Small business online ecosystem growth >30%; win every tax season

Operating income dollars grow faster than revenue

- Revenue grows faster than expense
- Acceptable LTV/CAC as we grow online

Deploy cash to the highest-yield opportunities, targeting 15% ROI over 5 years

- Investing in organic growth drivers (R&D, infrastructure, sales & marketing)
- Use acquisitions to accelerate growth in talent and technology

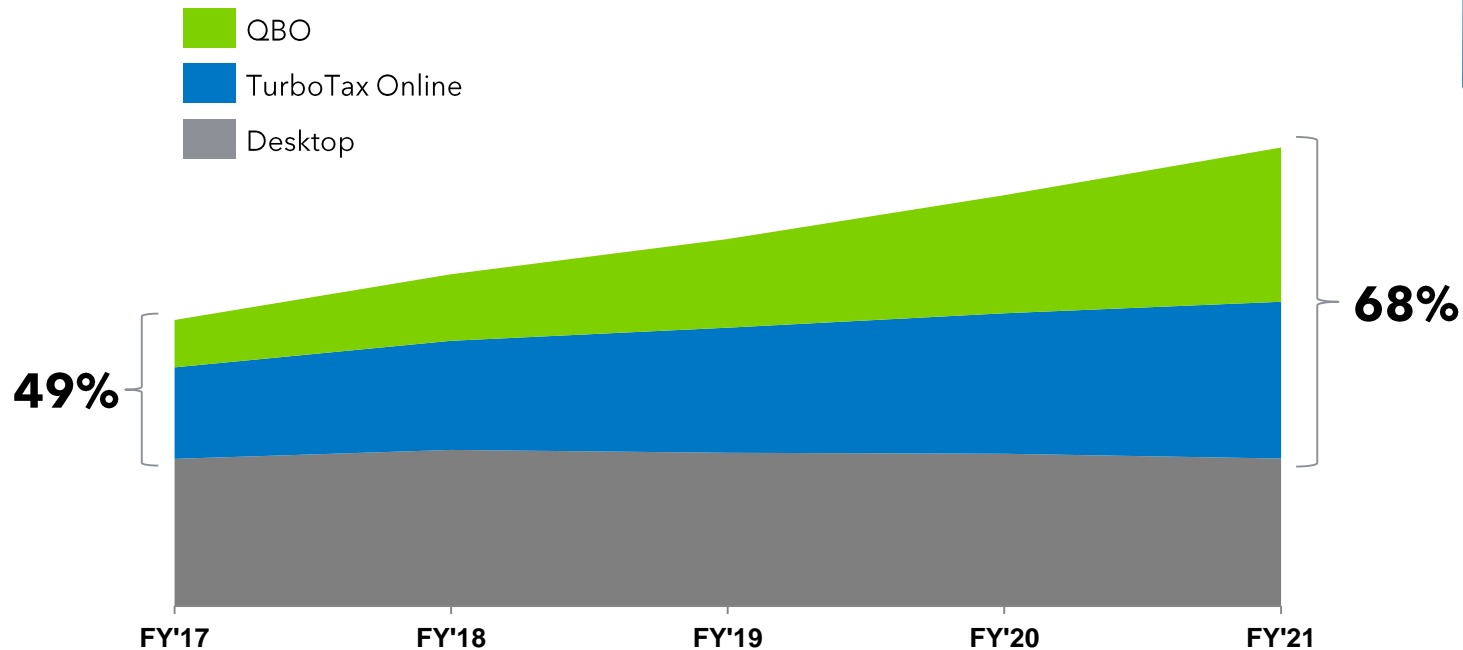
Return excess cash to shareholders via dividend and share repurchase

- Utilize grid to achieve favorable volume weighted average price targeting a return \geq Intuit's WACC
- Dividends expected to grow at or slightly ahead of earnings

Maintain a strong balance sheet

- Net cash position at the end of FY and average cash balance of \$700M net of debt due in 2 years
- Maintain investment grade rating

Online products & global growth



REVENUE GROWTH (ASC 606)

Online is the growth engine ...

- Small business online ecosystem revenue grew ~40% in FY'18
- Significant portion of Consumer and Small Business revenue recurring/highly predictable

ARPC: improved monetization over time

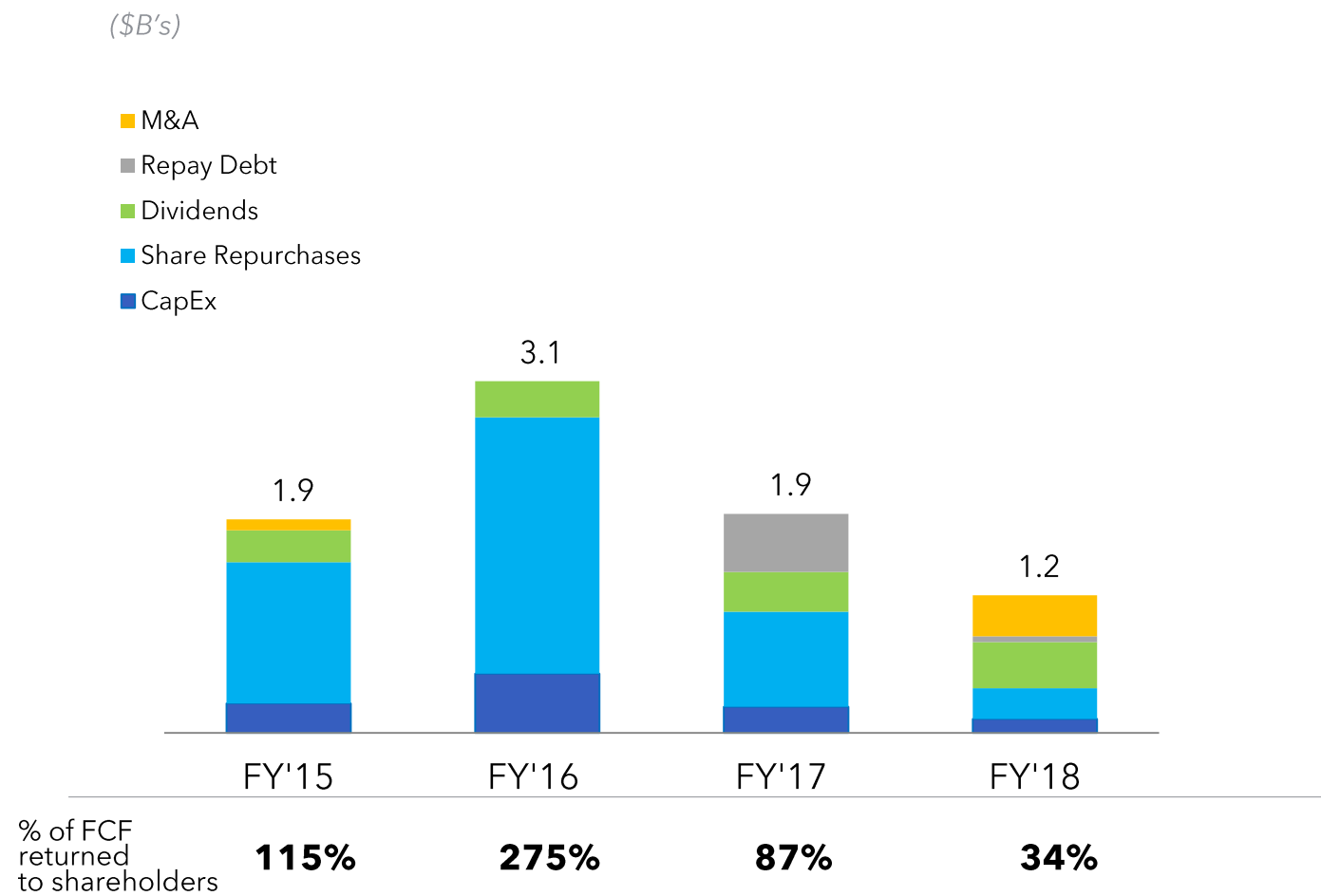
	FY'17 ARPC ASC 606	FY'18 ARPC ASC 606	FY'19 - FY'21 LOOKING AHEAD TRAJECTORY
QuickBooks Online US	\$434	\$485	Increase / Maturing base, attach services, monetization
QuickBooks Non - US	\$135	\$123	Increase / Lower promotional activity, monetization
QuickBooks SE	\$111	\$115	Flat / Maturing base offset by mix shift towards mobile and non-U.S.
QuickBooks Online WW	\$336	\$338	Increase / Maturing base, attach services and monetization offset by mix shift towards SE and non-U.S.
QuickBooks Desktop	\$514	\$574	Increase / Enterprise growth, retention of complex customers, and mix shift of desktop base to Enterprise and subscriptions
Consumer Tax (per return)	\$52	\$58	Increase / Mix, attach and ramp on assisted offerings
ProConnect (avg. order per customer)	\$3,601	\$3,685	Flat / Higher mix of online offering

Disciplined investment: drives operating income growth

Focus is on customer and revenue growth; manage margin at Intuit level

GAAP BASIS, UNLESS NOTED OTHERWISE	FY'18 % OF REVENUE (ASC 606)	LONG-TERM EXPECTATION
Revenue	100	Double-digit growth driven by customers
Gross margin	84	~ % flat over time
Sales & marketing	27	Governed by LTV to CAC
Research & development	20	19-20% of revenue
General & administrative	11	% declines over time
Operating income margin	26	
Operating income margin (Non-GAAP)	34	Mid-teens operating income growth

Overall capital allocation



A HEALTHY MIX OF USES OF CAPITAL

- Investing in organic growth drivers (R&D, infrastructure, sales & mktg)
- Use acquisitions to accelerate growth in talent and technology and fill out our product roadmap
- 21% increase in cash dividend in FY'19
- % of FCF returned to shareholders remains strong
- Expect capex as % of revenue of ~2-3% going forward

Share repurchase guiding principles

Our intent is to be in the market each quarter, guided by these principles

SHARE REPURCHASE IS USED TO RETURN CASH TO SHAREHOLDERS IN THE ABSENCE OF ACCEPTABLE INVESTMENT OPPORTUNITIES.

1. At a maximum, we limit repurchase amounts to:

- Cash in excess of liquidity needs
- Price level defined by “smart grid” to exceed cost of capital on average

2. At a minimum, we expect share repurchases to offset dilution from stock-based compensation over a 3-year period

About Non-GAAP Financial Measures

The accompanying presentation contains non-GAAP financial measures. Table 1 and Table 2 reconcile the non-GAAP financial measures in that presentation to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures include non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP net income (loss) per share.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same names, and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

We compute non-GAAP financial measures using the same consistent method from quarter to quarter and year to year. We may consider whether other significant items that arise in the future should be excluded from our non-GAAP financial measures.

We exclude the following items from all of our non-GAAP financial measures:

- Share-based compensation expense
- Amortization of acquired technology
- Amortization of other acquired intangible assets
- Goodwill and intangible asset impairment charges
- Gains and losses on disposals of businesses and long-lived assets
- Professional fees for business combinations

We also exclude the following items from non-GAAP net income (loss) and diluted net income (loss) per share:

- Gains and losses on debt and equity securities and other investments
- Income tax effects and adjustments
- Discontinued operations

We believe that these non-GAAP financial measures provide meaningful supplemental information regarding Intuit's operating results primarily because they exclude amounts that we do not consider part of ongoing operating results when planning and forecasting and when assessing the performance of the organization, our individual operating segments, or our senior management. Segment managers are not held accountable for share-based compensation expense, amortization, or the other excluded items and, accordingly, we exclude these amounts from our measures of segment performance. We believe that our non-GAAP financial measures also facilitate the comparison by management and investors of results for current periods and guidance for future periods with results for past periods.

About Non-GAAP Financial Measures (cont.)

The following are descriptions of the items we exclude from our non-GAAP financial measures.

Share-based compensation expenses. These consist of non-cash expenses for stock options, restricted stock units, and our Employee Stock Purchase Plan. When considering the impact of equity awards, we place greater emphasis on overall shareholder dilution rather than the accounting charges associated with those awards.

Amortization of acquired technology and amortization of other acquired intangible assets. When we acquire an entity, we are required by GAAP to record the fair values of the intangible assets of the entity and amortize them over their useful lives. Amortization of acquired technology in cost of revenue includes amortization of software and other technology assets of acquired entities. Amortization of other acquired intangible assets in operating expenses includes amortization of assets such as customer lists, covenants not to compete, and trade names.

Goodwill and intangible asset impairment charges. We exclude from our non-GAAP financial measures non-cash charges to adjust the carrying values of goodwill and other acquired intangible assets to their estimated fair values.

Gains and losses on disposals of businesses and long-lived assets. We exclude from our non-GAAP financial measures gains and losses on disposals of businesses and long-lived assets because they are unrelated to our ongoing business operating results.

Professional fees for business combinations. We exclude from our non-GAAP financial measures the professional fees we incur to complete business combinations. These include investment banking, legal, and accounting fees.

Gains and losses on debt and equity securities and other investments. We exclude from our non-GAAP financial measures gains and losses that we record when we sell or impair available-for-sale debt and equity securities and other investments.

Income tax effects and adjustments. In fiscal 2017 and the first quarter of fiscal 2018 we used a long-term non-GAAP tax rate for evaluating operating results and for planning, forecasting, and analyzing future periods. This long-term non-GAAP tax rate excluded the income tax effects of the non-GAAP pre-tax adjustments described above and eliminates the effects of non-recurring and period specific items which can vary in size and frequency. Based on our current long-term projections at that time we used a long-term non-GAAP tax rate of 33%. This rate was consistent with the average of our normalized fiscal year tax rate over a four year period that included the past three fiscal years plus the current fiscal year forecast.

In the second quarter of our fiscal 2018, we revised our estimated annual non-GAAP tax rate to reflect the change in the U.S. federal statutory rate, as a result of the 2017 Tax Cuts and Jobs Act (2017 Tax Act). The federal statutory rate change, to 21%, was effective January 1, 2018, and therefore, the change resulted in a blended U.S. federal statutory rate of 26.9% for our fiscal year 2018. In the fourth quarter of fiscal 2018, we adjusted our non-GAAP tax rate from 26.3% to 26.2% based on continued analysis of the impacts from the 2017 Tax Act. Because of the transitional impact of the 2017 Tax Act provisions, the fiscal 2018 non-GAAP tax rate is based on our current year results only, without reference to long-term forecasts. This non-GAAP tax rate excludes the income tax effects of the non-GAAP pre-tax adjustments described above and eliminates the effects of the non-recurring and period specific items. We have applied this tax rate to year to date pre-tax income, after the elimination of the effects of the non-GAAP adjustments described above.

In fiscal 2019, we will fully benefit from the U.S. federal statutory rate change and will use a long-term non-GAAP tax rate for evaluating operating results and for planning, forecasting, and analyzing future periods. This long-term non-GAAP tax rate excludes the income tax effects of the non-GAAP pre-tax adjustments described above and eliminates the effects of non-recurring and period specific items which can vary in size and frequency. Due to the changes in the U.S. federal statutory rate in fiscal 2018, as a result of the 2017 Tax Act, the calculation of the fiscal 2019 long-term non-GAAP rate includes only our current forecast considerations and is equal to the average of our forecasted tax rates over our long term forecast period. Based on these current projections, we are using a long-term non-GAAP tax rate of 23% for fiscal 2019. This long-term non-GAAP tax rate could be subject to change for various reasons including significant changes in our geographic earnings mix or fundamental tax law changes in major jurisdictions in which we operate. We will evaluate this long-term non-GAAP tax rate on an annual basis and whenever any significant events occur which may materially affect this rate.

Operating results and gains and losses on the sale of discontinued operations. From time to time, we sell or otherwise dispose of selected operations as we adjust our portfolio of businesses to meet our strategic goals. In accordance with GAAP, we segregate the operating results of discontinued operations as well as gains and losses on the sale of these discontinued operations from continuing operations on our GAAP statements of operations but continue to include them in GAAP net income or loss and net income or loss per share. We exclude these amounts from our non-GAAP financial measures.

Table 1: Reconciliations of historical non-GAAP financial measures to the most directly comparable GAAP financial measures

Under ASC 605 (Dollars in millions, except per share amounts)		
	Fiscal 2018	Fiscal 2017
GAAP operating income from continuing operations	\$ 1,497	\$ 1,395
Amortization of acquired technology	15	12
Amortization of other acquired intangible assets	6	2
Professional fees for business combinations	2	-
Loss on sale of long-lived assets	79	-
Share-based compensation expense	382	326
Non-GAAP operating income from continuing operations	\$ 1,981	\$ 1,735
GAAP net income	\$ 1,211	\$ 971
Amortization of acquired technology	15	12
Amortization of other acquired intangible assets	6	2
Professional fees for business combinations	2	-
Loss on sale of long-lived assets	79	-
Share-based compensation expense	382	326
Net loss on debt securities and other investments	6	9
Other income from divested businesses [A]	(8)	-
2017 Tax Act [B]	43	-
Other income tax effects and adjustments [C]	(271)	(170)
Non-GAAP net income	\$ 1,465	\$ 1,150
GAAP diluted net income per share	\$ 4.64	\$ 3.72
Non-GAAP diluted net income per share	\$ 5.61	\$ 4.41
Shares used in diluted per share amounts	261	261
Non-GAAP tax rate	26.2%	33%

See "About Non-GAAP Financial Measures" immediately preceding Table 1 for information on these measures, the items excluded from the most directly comparable GAAP measures in arriving at non-GAAP financial measures, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure.

[A] During the three months ended April 30, 2018, we received payments from contingent earn out provisions related to businesses we previously divested.

[B] The 2017 Tax Act adjustments relate to the provisional tax expense for the re-measurement of deferred tax balances at the enacted lower tax rates.

[C] As discussed in "About Non-GAAP Financial Measures - Income Tax Effects and Adjustments" following Table J, our non-GAAP tax rate eliminates the effects of non-recurring and period specific items.

Other income tax adjustments consist primarily of the tax impact of the non-GAAP pre-tax adjustments, which includes the loss on the sale of long-lived assets; the excess tax benefits on share-based compensation; and the tax benefits on a loss from a subsidiary reorganization.

Table 2: Calculation of free cash flow

Under ASC 605 (Dollars in millions)					
	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Net cash provided by operating activities	\$ 1,528	\$ 1,589	\$ 1,460	\$ 1,599	\$ 2,112
Less capital expenditures:					
Purchases of property and equipment	(104)	(142)	(416)	(102)	(38)
Capitalization of internal use software	(82)	(119)	(106)	(128)	(86)
Total capital expenditures	(186)	(261)	(522)	(230)	(124)
Free cash flow	<u>\$ 1,342</u>	<u>\$ 1,328</u>	<u>\$ 938</u>	<u>\$ 1,369</u>	<u>\$ 1,988</u>

To supplement our statements of cash flows prepared in accordance with GAAP, we use free cash flow to analyze cash flow generated from operations. We define free cash flow as net cash provided by operating activities less total capital expenditures. This non-GAAP financial measure should not be considered as a substitute for, or superior to, GAAP net income as an indicator of our operating performance or GAAP cash flows from operating activities as a measure of our liquidity.

Cautions about Forward-Looking Statements

This presentation includes "forward-looking statements" which are subject to safe harbors created under the U.S. federal securities laws. All statements included in this presentation that address activities, events or developments that Intuit expects, believes or anticipates will or may occur in the future are forward looking statements, including: our expected market, customer and share growth; our goals and our ability to achieve those goals and their impact on our business; our opportunities and strategies to grow our business; our expected revenue, operating income and earnings per share results and growth; our expectations regarding future dividends, share repurchases and ROIC improvements; our expectations for our product and service offerings; our expectations regarding areas of increased investment and future market trends. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, without limitation, the following: inherent difficulty in predicting consumer behavior; difficulties in receiving, processing, or filing customer tax submissions; consumers may not respond as we expected to our advertising and promotional activities; harm to our reputation; the competitive environment; governmental encroachment in our tax businesses or other governmental activities or public policy affecting the preparation and filing of tax returns or any of our businesses; our ability to innovate and adapt to technological change; business interruption or failure of our information technology and communication systems; problems with implementing upgrades to our customer facing applications and supporting information technology infrastructure; any failure to properly use and protect personal customer and our business information and data; increased and complex regulation relating to privacy and data security; cybersecurity incidents (including those affecting the third parties we rely on); customer concerns about privacy and cybersecurity incidents; exposure to credit risk of the businesses we provide capital to; our ability to develop, manage and maintain critical third party business relationships; our reliance on third party intellectual property, technology and services; increased or changes to government regulation affecting of our businesses; any failure to process transactions effectively or to adequately protect against potential fraudulent activities; any significant deficiencies in product quality or accuracy, or delay in product launches; our participation in the Free File Alliance; the global economic environment; changes in the total number of tax filings that are submitted to government agencies due to economic conditions or otherwise; the highly seasonal and unpredictable nature of our revenue; our inability to attract, retain and develop highly skilled employees; increased risks associated with international operations; our ability to repurchase shares or distribute dividends; unanticipated changes in our income tax rates and the effect of the new tax reform legislation; we may issue additional shares in an acquisition causing our number of outstanding shares to grow; our inability to adequately protect our intellectual property rights; disruptions, expenses and risks associated with our acquisitions and divestitures; amortization of acquired intangible assets and impairment charges; our use of significant amounts of debt to finance acquisitions or other activities; and the cost of, and potential adverse results in, litigation involving intellectual property, antitrust, shareholder and other matters. More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2018 and in our other SEC filings. You can locate these reports through our website at <http://investors.intuit.com>. Fiscal 2019 guidance speaks only as of the date it was publicly issued by Intuit. Other forward-looking statements represent the judgment of the management of Intuit as of the date of this presentation. We do not undertake any duty to update any forward-looking statement or other information in this presentation.